

Budget Unit Brief

FY 2017



Printing Cigarette Stamps - Standing Unlimited Appropriation

Background

Pursuant to Iowa Code section [453A.7](#), a cigarette tax stamp must be affixed to each cigarette package as proof that the tobacco tax has been paid. The design, size, denomination and type of such stamps are determined by the director of the Department of Revenue. The tax is imposed on the sale of cigarettes and must be paid by the person or business making the first sale in Iowa.

Most states use cigarette stamps as a means to tax cigarettes and reduce cigarette smuggling. North Carolina, South Carolina, and North Dakota do not use tax stamps as a means of tax collection. Iowa's cigarette tax is \$1.36 per pack and ranks 28th of the 50 states and the District of Columbia, making it the median tax rate for the U.S. Nationally, Missouri has the lowest cigarette tax at \$0.17 per pack; Virginia is next lowest at \$0.30 per pack. New York has the highest cigarette tax at \$4.35 per pack, and Massachusetts is second at \$3.51 per pack. Some states permit cities and counties to impose additional taxes on cigarettes.

Funding

Costs associated with printing cigarette stamps are funded by a standing unlimited General Fund appropriation established pursuant to Iowa Code section [453A.7](#). For FY 2017, the DOR received an appropriation of approximately \$124,000.

Related Statutes and Administrative Rules

Iowa Code section [453A.7](#)
[701.82](#) Iowa Administrative Code

Revised September 12, 2016

More Information

Department of Revenue: <http://www.iowa.gov/tax/>

Iowa General Assembly: <https://www.legis.iowa.gov/>

LSA Staff Contact: Christin Mechler (515-281-6561) christin.mechler@legis.iowa.gov